

Corporate Governance Report continued

Board of Directors continued

(ix) Quarterly and Ad Hoc Disclosures by Board members

The Directors are asked individually, on a quarterly basis, to provide responses to a detailed questionnaire regarding independence, conflicts of interest and other matters relevant to Yhsat or their continued eligibility or suitability as a Director. This is done as an update to the responses given previously, and is administered by the Board Secretary.

The Directors are also required to disclose to the Board Secretary any conflicts of interest or other relevant matters regarding their eligibility or suitability as a Director on an ad hoc basis as they arise.

The Board received detailed training on directors' duties and conflicts of interest (among other topics) from a leading external law firm in October 2021.

(x) Board Induction and Training

Newly appointed Directors are given a full induction, comprising an introduction to the Group's business, the satellite industry, Yhsat's strategy, its financial position and all aspects of corporate governance relating both to the Company/Group and the role of a director of an ADX-listed company.

Training of the Board members is assessed on an as-needed basis, taking account of recent developments and topics of relevance or interest. Training can be formal or may form part of a segment at a Board meeting or retreat. Most recently, a leading external law firm provided detailed training to the Board on topics such as corporate governance, directors' duties and potential liability, conflicts of interest, disclosure obligations and the principle of equality of information among shareholders, insider trading, and related party transactions in October 2021.

(xi) Evaluation of Board Effectiveness

The BOD Charter requires regular and structured evaluations of the Board's performance to be undertaken by the Chairperson together with the Board Secretary. The evaluation focusses on the functioning of the Board as a body as well as the performance and function of individual Directors.

No less than every three years, the Board is required to invite a suitably accredited independent professional entity to carry out an assessment of effectiveness and operation of the Board of Directors, its members and the Board's Committees. The results of the evaluation are to be shared with the Board, and the key findings shall be shared with the shareholders via an appropriate medium (e.g. the Company's Annual Report).

Prior to the IPO, such evaluations were conducted by the Mubadala Internal Audit team on a bi-annual basis.

Committees of the Board of Directors

To support the Board in the discharge of its duties, it has established two permanent committees:

- the Audit, Risk and Compliance Committee; and
- the Nomination and Remuneration Committee.

Audit, Risk and Compliance Committee (the ARCC)

The ARCC has been a committee of the Company's Board, and a long-standing, key part of the Company's corporate governance and compliance environment, since February 2010. The extensive synergies between the topics of audit, risk and compliance, the significant overlap and association between these topics and the common skills and experience required of those who would form part of any committee considering such matters, all strongly support the unification of such matters under one committee, in line with the permissive regime under the SCA Corporate Governance Guide.

(i) Composition

In accordance with the requirements of the SCA Corporate Governance Guide, the ARCC shall consist of at least three non-executive members of the Board of Directors, of which at least two must also be independent (in each case, as such term is defined by the SCA Rules). The Chairman of the Board of Directors may not be a member of the Committee. As per the ARCC's charter, and consistent with international best practice, all members of the ARCC must be financially literate and possess the knowledge and expertise to fulfil their role as a member of the committee. At least one member must be a financial expert, having have previous work experience in the field of accounting or financial matters, or hold a scientific qualification or professional certificate in accounting or finance or in other related fields.

As at 31 December 2021, the ARCC was composed of 3 independent non-executive Directors (one of whom acts as Chairman) and two non-Director members, as follows:

- Badr Al Olama (Chairman of the ARCC and member of the Board of Directors)
- Adrian Steckel (member of the Board of Directors)
- Gaston Urda (member of the Board of Directors)
- Amal Al Ameri (Senior Vice President, UAE Investments, Mubadala Investment Company PJSC)
- Madian Al Hajji (Director of Internal Audit, UAE Investments, Mubadala Investment Company PJSC)

The composition of the Audit, Risk and Compliance Committee was carefully considered at the time of the listing in July 2021. Whilst Ms. Al Ameri was leaving the Board, her extensive financial experience, coupled with her role as the former Chairperson of the ARCC, offered an invaluable contribution to the ARCC going forward and complemented the skills and experience brought by the other proposed members of the ARCC. Mr. Al Hajji's experience in matters related to internal audit, internal control and risk management, in particular, supplements the ARCC's ability to ensure rigorous oversight of all such matters, as well as lending an extremely useful insight into local and regional market practice and best practices. For these reasons, the Board considers their position on the ARCC to be highly value-accretive for Yhsat's internal risk and control system.

The Secretary to the ARCC is Paul Andrews, the General Counsel of Yhsat.

It is the duty of each member to bring to the attention of the ARCC Chairperson any conflicts of interest that arise in relation to their appointment, whether at the time of appointment or subsequent thereto. The ARCC Chairperson shall then evaluate any such conflict of interest and make recommendations to the Board of Directors and the remaining ARCC members, should the conflict be such that the composition of the ARCC needs to be adjusted. The ARCC Chairperson may refer any conflict of interest directly to the Board of Directors if he/she deems it more appropriate that only the Board of Directors consider such conflict of interest.

(ii) Mandate and Charter

The purpose of the ARCC is to assist the Board of Directors and management in fulfilling their oversight, governance, risk management and internal control responsibilities relating to:

- the Group's accounting policies and financial reporting process, including the integrity and reliability of the financial statements;
- the annual external audit of each member of the Group's financial statements and the external auditor's (including the responsible audit partner's) qualifications and independence;
- adherence to applicable listing and disclosure rules, regulations and other legal requirements related to financial reporting;
- the systems of internal control, including but not limited to all operational and financial reporting controls;
- the risk management framework, process and controls;
- internal audit; and
- compliance with applicable laws and regulations, the Group's Code of Ethics, contractual arrangements and agreements, and the Group's policies and procedures as established by management and the Board of Directors.

The ARCC's oversight of financial reporting, accounting policies, external and internal audits, risk management and internal control frameworks enables the Board of Directors to evaluate significant risk and compliance exposure. Its mandate is exhaustively detailed in a charter, but typically, this oversight role involves:

- reviewing and endorsing the financial statements (annual and interim) and consider whether they are complete, consistent and comply with appropriate accounting principles and standards;
- supervising and recommending on the selection of external auditors and ensuring assessment of external audit qualifications, independence and performance;
- evaluating the qualification, independence and performance of internal audit and approving the annual internal audit master plan;
- overseeing the development and implementation of the Group's governance, risk management, internal control and compliance framework;
- reviewing the status of compliance with applicable laws and regulations, and adherence to the code of conduct.

The Chairperson of the ARCC reports the proceedings of any prior meeting of the ARCC to each meeting of the Board of Directors.

(iii) Meetings Held in 2021

During 2021, the ARCC held 5 duly constituted and quorate meetings. The composition of the ARCC changed in July 2021 upon the listing of Yahsat's shares, primarily reflecting changes in the Board of Directors of Yahsat.

Name	ARCC Meeting Date					Notes
	7 Mar	18 May	4 Aug	30 Sept	3 Nov	
Amal Al Ameri	✓	✓	✓	✓	✓	Ceased to be a Chairperson upon ceasing to be a Director from 12 July
Hisham Malak	✓	✓				Ceased to be a member upon ceasing to be a Director from 12 July
Michael Holden	✓	✓				Ceased to be a member from 12 July
Muhannad Al Qudah	✓	✓				Ceased to be a member from 12 July
Badr Al Olama			✓	✓	✓	Appointed as a member and Chairman of the ARCC from 12 July
Adrian Steckel			✓	✓	✓	Appointed as a member from 12 July upon joining the Board
Gaston Urda				✓	✓	Appointed as a member from 12 July upon joining the Board
Madian Al Hajji				✓	✓	Appointed as a member from 12 July

(iv) Committee Evaluation

Prior to listing, evaluation of the ARCC members' performance, both collectively and individually, has been performed by the Mubadala Internal Audit team.

As per the terms of the BOD Charter, at least every three years, the Board shall invite a suitably accredited independent professional entity to carry out an assessment of effectiveness and operation of the Board's Committees.

Nomination and Remuneration Committee (the NRC)

The NRC was formed in July 2021 from the Human Capital Committee (HCC) of the Board of Directors, which had been constituted since August 2014. Whilst the mandate of the NRC covers all areas that were previously within the remit of the HCC, the role of the NRC is much more substantial for two principal reasons. On the one hand, the role and mandate of the NRC has been expanded to incorporate formulation, regulation, and oversight of a range of matters relating to the Board and its members (present and future), as per the requirements of the SCA Corporate Governance Guide and in line with best practice; prior to listing, these activities were undertaken by the sole shareholder. On the other hand, with wide-reaching changes having been made to Yahsat's Delegation of Authority document upon listing, placing much greater authority and responsibility with the Board, the ultimate decision-making regarding many matters relating to Yahsat's management and employees now rests with the Board. These are explored in more detail below.

Corporate Governance Report continued

Committees of the Board of Directors continued

Nomination and Remuneration Committee (the NRC) continued

(i) Composition

In accordance with the requirements of the SCA Corporate Governance Guide, the NRC shall consist of at least three non-executive members of the Board of Directors, of which at least two must also be independent (in each case, as such term is defined by the SCA Rules). The Chairman of the Board of Directors may not be a member of the Committee.

As at 31 December 2021, the NRC was composed of 3 non-executive Directors (two of whom are independent and one of whom acts as Chairman) and one non-Director member, as follows:

- Rashed Al Ghafri (Chairman of the NRC and member of the Board of Directors)
- Maryam AlMheiri (member of the Board of Directors)
- Masood Mahmood (member of the Board of Directors)
- Muna Al Mheiri (Chief Human Capital Officer of Yahsat Group)

Despite not being a Director of the Company, Mrs. Muna Al Mheiri's membership of the NRC is considered extremely valuable, in particular to assist with the NRC's management of the transition into a much broader mandate that benefits greatly from Mrs. Al Mheiri's 20 years of experience of working in senior Human Capital roles.

From 10 February 2022, Adrian Steckel has been appointed as an additional member of the NRC and Maryam AlMheiri has become the Chairperson of the NRC.

The Secretary to the NRC is Paul Andrews, the General Counsel of Yahsat.

(ii) Mandate and Charter

The role of the NRC is to assist the Board in the efficient management of compensation and general human resources matters. The key responsibilities of the NRC are to:

- verify the ongoing independence of the independent members of the Board;
- regulate and oversee nomination to the membership of the Board;
- set and review Yahsat's human resources policies and procedures;
- formulate and review, on an annual basis, the framework and broad policy for granting remuneration, terms of employment and any changes, benefits, bonuses, pensions, allowances, gratuities, early retirement and redundancy made to or given to Yahsat's employees, senior management, as well as compensation for Yahsat's Chairman and Board of Directors;
- ensure that suitable succession plans are in place at senior executive levels; and
- reviewing and approve the hiring and termination of senior management staff.

The NRC seeks to ensure that the Group attracts the most suitable Board members and Officers, and that the such persons are retained, through appropriate structuring of the Group's compensation plans, policies and programmes, providing incentives for such persons to perform to the best of their abilities for the Group and to promote the success of the Group's businesses.

The Chairperson of the NRC reports the proceedings of any prior meeting of the NRC to each meeting of the Board of Directors.

(iii) Meetings Held in 2021

Name	HCC Meeting Date		Notes
	9 Mar	25 May	
Dr. Eng. Muhammad Al Ahbabi	✓	✓	Ceased to be a Chairperson upon ceasing to be a Director from 12 July
Hisham Malak	✓	✓	Ceased to be a member upon ceasing to be a Director from 12 July
Ebraheem Budeps	✓	✓	Ceased to be a member from 12 July
Siraj Aftab	✓		Ceased to be a member from 12 July

Name	NRC Meeting Date			Notes
	5 Aug	28 Sept	26 Oct	
Rashed Al Ghafri	✓	✓	✓	Appointed as a member and Chairperson of the NRC from 12 July. Handed Chairmanship to Maryam AlMheiri on 10 February 2022
Masood Mahmood	✓	✓	✓	Appointed as a member from 12 July
Maryam AlMheiri	✓	✓		Appointed as a member from 12 July
Muna Al Mheiri		✓	✓	Appointed as a member from 12 July

(iv) Committee Evaluation

Prior to listing, evaluation of the HCC members' performance, both collectively and individually, has been performed by the Mubadala Internal Audit team.

As per the terms of the BOD Charter, at least every three years, the Board shall invite a suitably accredited independent professional entity to carry out an assessment of effectiveness and operation of the Board's Committees.